

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>		Printed Name		License Number

# **FRANKENLUST TOWNSHIP**

Bay County, Michigan

## **FINANCIAL STATEMENTS**

June 30, 2007

# FRANKENLUST TOWNSHIP

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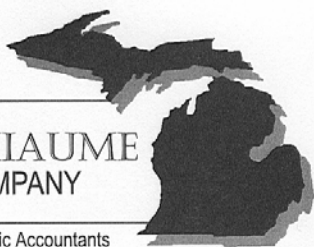
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**BERTHIAUME  
& COMPANY**

Certified Public Accountants



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## **INDEPENDENT AUDITORS' REPORT**

To the Township Board  
Frankenlust Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Frankenlust Township as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Frankenlust Township's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the portion of the financial statements of the Township's sewer and water system that were managed by the Bay County Department of Water and Sewer. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Township's sewer and water system managed by the Bay County Department of Water and Sewer, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Frankenlust Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

*Berthiaume & Co.*

October 11, 2007

## ***BASIC FINANCIAL STATEMENTS***

# FRANKENLUST TOWNSHIP

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## STATEMENT OF NET ASSETS

June 30, 2007

	<i><b>Governmental Activities</b></i>	<i><b>Business-type Activities</b></i>	<i><b>Total</b></i>
<b>Assets:</b>			
Cash and cash equivalents	\$ 776,149	\$ 880,354	\$ 1,656,503
Investments	-	356,477	356,477
Receivables	87,941	982,192	1,070,133
Prepaid expenses	-	5,863	5,863
Restricted cash and cash equivalents	-	509,299	509,299
Capital assets:			
Nondepreciable capital assets	180,000	-	180,000
Depreciable capital assets, net	393,630	9,181,529	9,575,159
Total assets	1,437,720	11,915,714	13,353,434
<b>Liabilities:</b>			
Accounts payable and accrued expenses	29,211	64,122	93,333
Deferred revenue	-	136,703	136,703
Long-term liabilities:			
Due within one year	-	534,945	534,945
Due in more than one year	-	4,142,455	4,142,455
Total liabilities	29,211	4,878,225	4,907,436
<b>Net assets:</b>			
Invested in capital assets, net of related debt	573,630	4,514,857	5,088,487
Restricted for:			
Debt service	-	509,299	509,299
Unrestricted	834,879	2,013,333	2,848,212
Total net assets	\$ 1,408,509	\$ 7,037,489	\$ 8,445,998

*The accompanying notes are an integral part of these financial statements.*

# FRANKENLUST TOWNSHIP

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## STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Functions/Programs</b>				
<i>Governmental activities:</i>				
General government	\$ 297,179	\$ -	\$ 8,648	\$ (288,531)
Public safety	212,192	145,217	3,616	(63,359)
Public works	237,140	138,574	15,756	(82,810)
Community and economic development	16,094	2,100	-	(13,994)
Recreation and culture	7,322	-	4,625	(2,697)
Total governmental activities	<u>\$ 769,927</u>	<u>\$ 285,891</u>	<u>\$ 32,645</u>	<u>\$ (451,391)</u>
<i>Business-type activities:</i>				
Water and Sewer Fund	<u>\$ 1,050,540</u>	<u>\$ 1,052,386</u>	<u>\$ 51,682</u>	<u>\$ 53,528</u>
Total business-type activities	<u>\$ 1,050,540</u>	<u>\$ 1,052,386</u>	<u>\$ 51,682</u>	<u>\$ 53,528</u>

continued

*The accompanying notes are an integral part of these financial statements.*

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	<i><b>Governmental Activities</b></i>	<i><b>Business- type Activities</b></i>	<i><b>Total</b></i>
<i>Changes in net assets:</i>			
Net (Expense) Revenue	\$ (451,391)	\$ 53,528	\$ (397,863)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	198,420	-	198,420
Property taxes, levied for fire protection	81,075	-	81,075
Franchise fees	25,772	-	25,772
Grants and contributions not restricted to specific programs	170,106	-	170,106
Unrestricted investment earnings	33,280	86,981	120,261
Miscellaneous	10,399	-	10,399
Total general revenues	<u>519,052</u>	<u>86,981</u>	<u>606,033</u>
Change in net assets	67,661	140,509	208,170
Net assets, beginning of year, restated	<u>1,340,848</u>	<u>6,896,980</u>	<u>8,237,828</u>
Net assets, end of year	<u>\$ 1,408,509</u>	<u>\$ 7,037,489</u>	<u>\$ 8,445,998</u>



# FRANKENLUST TOWNSHIP

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## GOVERNMENTAL FUNDS

### BALANCE SHEET

June 30, 2007

	<u>Major Governmental Funds</u>			
	<u>General Fund</u>	<u>Trash Removal Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 337,134	\$ 151,936	\$ 287,079	\$ 776,149
Taxes receivable	13,562	-	5,562	19,124
Accounts receivable	6,583	7,525	-	14,108
Due from other governmental units	54,709	-	-	54,709
Total assets	<u>\$ 411,988</u>	<u>\$ 159,461</u>	<u>\$ 292,641</u>	<u>\$ 864,090</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 11,719	\$ 13,726	\$ 325	\$ 25,770
Accrued expenses	3,441	-	-	3,441
Total liabilities	<u>15,160</u>	<u>13,726</u>	<u>325</u>	<u>29,211</u>
<b>Fund balances:</b>				
Unreserved:				
General fund	396,828	-	-	396,828
Special revenue funds	-	145,735	292,316	438,051
Total fund balances	<u>396,828</u>	<u>145,735</u>	<u>292,316</u>	<u>834,879</u>
Total liabilities and fund balances	<u>\$ 411,988</u>	<u>\$ 159,461</u>	<u>\$ 292,641</u>	<u>\$ 864,090</u>

*The accompanying notes are an integral part of these financial statements.*

# FRANKENLUST TOWNSHIP

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## RECONCILIATION OF FUND BALANCES OF THE GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2007

**Total fund balances for governmental funds** \$ 834,879

Total net assets reported for governmental activities in the statement of  
of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

Governmental capital assets	1,106,812	
Less accumulated depreciation	<u>(533,182)</u>	<u>573,630</u>
<b>Net assets of governmental activities</b>		<b><u>\$ 1,408,509</u></b>

*The accompanying notes are an integral part of these financial statements.*

# FRANKENLUST TOWNSHIP

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	<u>Major Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>Trash</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Removal</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 198,420	\$ -	\$ 81,075	\$ 279,495
Licenses and permits	165,327	-	-	165,327
State grants	185,027	-	3,616	188,643
Charges for services	6,454	134,220	5,712	146,386
Interest and rents	19,094	6,045	8,141	33,280
Other revenue	19,832	-	11,732	31,564
Total revenues	<u>594,154</u>	<u>140,265</u>	<u>110,276</u>	<u>844,695</u>
<b>Expenditures:</b>				
Current				
General government	245,402	-	-	245,402
Public safety	167,051	-	11,819	178,870
Public works	80,449	163,798	-	244,247
Community and economic development	15,852	-	-	15,852
Recreation and culture	363	-	908	1,271
Other	43,536	-	-	43,536
Capital outlay	10,074	-	20,021	30,095
Total expenditures	<u>562,727</u>	<u>163,798</u>	<u>32,748</u>	<u>759,273</u>
Excess (deficiency) of revenues over expenditures	<u>31,427</u>	<u>(23,533)</u>	<u>77,528</u>	<u>85,422</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	-	7,590	7,590
Transfers to other funds	(7,590)	-	-	(7,590)
Total other financing sources (uses)	<u>(7,590)</u>	<u>-</u>	<u>7,590</u>	<u>-</u>
Net change in fund balances	23,837	(23,533)	85,118	85,422
Fund balances, beginning of year	<u>372,991</u>	<u>169,268</u>	<u>207,198</u>	<u>749,457</u>
Fund balances, end of year	<u>\$ 396,828</u>	<u>\$ 145,735</u>	<u>\$ 292,316</u>	<u>\$ 834,879</u>

The accompanying notes are an integral part of these financial statements.

# FRANKENLUST TOWNSHIP

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## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

**Net change in fund balances - total governmental funds** \$ 85,422

Total change in net assets reported for governmental activities in the statement  
of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is depreciated over their  
estimated useful lives and reported as depreciation expense.

Capital outlay	23,198	
Less depreciation expense	<u>(40,959)</u>	<u>(17,761)</u>

**Change in net assets of governmental activities** \$ 67,661

*The accompanying notes are an integral part of these financial statements.*

# FRANKENLUST TOWNSHIP

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## PROPRIETARY FUND STATEMENT OF NET ASSETS

June 30, 2007

	<i><b>Water and Sewer Fund</b></i>
<b>Assets:</b>	
<i><b>Current assets:</b></i>	
Cash and cash equivalents	\$ 880,354
Investments	356,477
Accounts receivable	31,182
Special assessments receivable	947,835
Accrued interest receivable	3,175
Prepaid expenses	5,863
Total current assets	<u>2,224,886</u>
<i><b>Noncurrent assets:</b></i>	
Restricted cash and cash equivalents	509,299
Capital assets:	
Depreciable capital assets, net	<u>9,181,529</u>
Total noncurrent assets	<u>9,690,828</u>
Total assets	<u>11,915,714</u>
<b>Liabilities:</b>	
<i><b>Current liabilities:</b></i>	
Accounts payable	14,125
Accrued expenses	395
Accrued interest payable	49,602
Deferred revenue	136,703
Current portion of compensated absences payable	1,609
Current portion of long-term debt	<u>533,336</u>
Total current liabilities	<u>735,770</u>
<i><b>Noncurrent liabilities:</b></i>	
Compensated absences payable	9,119
Long-term debt	<u>4,133,336</u>
Total noncurrent liabilities	<u>4,142,455</u>
Total liabilities	<u>4,878,225</u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	4,514,857
Restricted for:	
Debt service	509,299
Unrestricted	<u>2,013,333</u>
Total net assets	<u>\$ 7,037,489</u>

*The accompanying notes are an integral part of these financial statements.*

# FRANKENLUST TOWNSHIP

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## PROPRIETARY FUND

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2007

	<i>Water and Sewer Fund</i>
<b>Operating revenues:</b>	
Charges for services	\$ 782,684
Charges for hook-ups and connections	<u>269,702</u>
Total operating revenues	<u>1,052,386</u>
<b>Operating expenses:</b>	
Personnel	106,981
Supplies	112
Contracted services	191,099
Purchase of water	164,709
Administrative expense	21,428
Utilities	3,161
Repairs and maintenance	39,407
Other services and supplies	9,899
Depreciation	<u>274,029</u>
Total operating expenses	<u>810,825</u>
Operating income	<u>241,561</u>
<b>Non-operating revenues (expenses):</b>	
Interest income	86,981
Special assessments interest	51,682
Interest expense	<u>(239,715)</u>
Total non-operating revenues (expenses)	<u>(101,052)</u>
Net income	140,509
Net assets, beginning of year, restated	<u>6,896,980</u>
Net assets, end of year	<u><u>\$ 7,037,489</u></u>

*The accompanying notes are an integral part of these financial statements.*

# FRANKENLUST TOWNSHIP

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## PROPRIETARY FUND

### STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

	<i><b>Water and Sewer Fund</b></i>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 1,137,844
Payments to employees	(105,930)
Payments to suppliers for goods and services	(468,197)
Net cash provided by operating activities	<u>563,717</u>
<b>Cash flows from capital and related financing activities:</b>	
Special assessments interest	51,682
Acquisition and construction of capital assets	(214,768)
Principal payments	(492,221)
Interest paid	(240,888)
Net cash used by capital and related financing activities	<u>(896,195)</u>
<b>Cash flows from investing activities:</b>	
Interest	<u>85,710</u>
Net cash provided by investing activities	<u>85,710</u>
Net decrease in cash and cash equivalents	(246,768)
Cash, cash equivalents and investments, beginning of year	<u>1,992,898</u>
Cash, cash equivalents and investments, end of year	<u><u>\$ 1,746,130</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 241,561
Adjustments:	
Depreciation	274,029
Change in assets and liabilities:	
Accounts receivable	(7,940)
Special assessments receivable	116,677
Prepaid expenses	(4,810)
Accounts payable	(30,588)
Accrued expenses	14
Accrued interest payable	(2,984)
Deferred revenue	(23,279)
Compensated absences payable	<u>1,037</u>
Net cash provided by operating activities	<u><u>\$ 563,717</u></u>

*The accompanying notes are an integral part of these financial statements.*

# FRANKENLUST TOWNSHIP

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*FIDUCIARY FUND*  
**STATEMENT OF NET ASSETS**  
June 30, 2007

	<u><i>Agency Fund</i></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 3,396
Total assets	<u>3,396</u>
<b>Liabilities:</b>	
Accounts payable	434
Due to other governmental units	<u>2,962</u>
Total liabilities	<u>3,396</u>
<b>Net Assets:</b>	
Unrestricted	<u><u>\$ -</u></u>

*The accompanying notes are an integral part of these financial statements.*



## ***NOTES TO FINANCIAL STATEMENTS***

# **FRANKENLUST TOWNSHIP**

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## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2007

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Frankenlust Township was established in 1881 and is located in Bay County, Michigan. Township government is directed by a five member Township Board.

The accounting policies of Frankenlust Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township, and its component units, if any. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units included in the Township's reporting entity.

These financial statements include the portion of the Township's sewer and water system that is managed as an Agency Fund by the Bay County Department of Water and Sewer. The County managed portion of the Township's Sewer Fund and Water Fund is audited by other auditors as of and for the year ended December 31, 2006.

A separate audited December 31, 2006 financial report is available from the Bay County Department of Water and Sewer, 3933 Patterson Road, Bay City, Michigan, 48706.

**Joint Venture** – The Bay Area Utilities Authority was formed in 1998 by Frankenlust Township, Pinconning Township and Williams Charter Township to issue bonds for the benefit of the participating townships. Frankenlust Township has two contracts payable with the Authority. These contracts payable are included as long-term debt in the Township's Water and Sewer Fund.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### *Government-wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between activities that are governmental and those that are business-type activities. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township’s net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township’s net assets resulting from current year activities.

### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental funds:

**General Fund** – The General Fund is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**Trash Removal Fund** – The Trash Removal Fund is used to account for the fees collected from residents to provide trash removal services.

The Township reports the following major enterprise fund:

**Water and Sewer Fund** – The Water and Sewer Fund is used to account for some of the revenues and expenses for the operation of the Township's water and sewer system. This fund does not include the Township's water and sewer operations that are administered as an Agency Fund by the Bay County Water and Sewer Department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### Assets, Liabilities, and Equity:

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools, if any, to be cash equivalents.

**Restricted Assets** – Certain resources set aside for repayment of bonds and to meet bond covenants, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

**Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

**Prepaid Expenses** – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses in both the government-wide and fund financial statements.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after July 1, 2003. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Equipment	5-25 years
Land improvements	20 years
Site improvements	20 years
Water and sewer system	40-50 years

**Compensated Absences** – It is the Township’s policy to not permit employees to accumulate earned but unused sick and vacation days. The compensated absences liability shown in the proprietary fund and government-wide statement of net assets is derived from the portion of the Township’s Water and Sewer Fund that is handled as an Agency Fund by the Bay County Department of Water and Sewer. The liability is accrued in accordance with the policy applicable to employees of the Bay County Department of Water and Sewer.

**Long-term Obligations** – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# **FRANKENLUST TOWNSHIP**

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## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2007

### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Eliminations and Reclassifications:**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables, if any, were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental and business-type activities columns.

### **Property Taxes:**

Properties are assessed as of December 31 and the related property taxes attach as an enforceable lien on property as of December 1 of the following year. These taxes are due on or before February 14 with the final collection date of February 28 before they are added to the county tax rolls.

The 2006 taxable valuation of the Township totaled \$127,752,437, on which ad valorem taxes levied consisted of 1.2188 mills for the Township’s operating purposes and .6355 mills for fire.

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## **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### **Budgetary Information:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the proposed operating budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
3. The budgets are adopted at the activity level by a majority voted of the Township Board.
4. The adopted budgets are used as a management control device during the year for all budgetary funds.
5. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget and Trash Removal Fund as originally adopted and amended by the Township Board is included in the required supplemental information.
6. All annual appropriations lapse at fiscal year end.

### **Excess of Expenditures over Appropriations in Budgeted Funds:**

During the year, the Township did not incur expenditures in excess of the amount budgeted.

# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### State Construction Code Act:

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Cumulative surplus at July 1, 2006		\$	190,121
Adjustment to beginning balance for allocation of additional indirect costs			
in prior years			(190,121)
Current year building permit revenue			139,505
Related expenses:			
Direct costs	90,731		
Indirect costs	48,774		139,505
Cumulative surplus at June 30, 2007		\$	-

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### NOTE 3: DEPOSITS AND INVESTMENTS

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Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township's deposits and investments are subject to risk, which is examined in more detail below:

#### Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year-end, the Township had \$2,257,009 of bank deposits (certificates of deposit, checking and savings accounts), of which \$680,908 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. Of the balance uninsured and uncollateralized, \$276,505 is maintained in sweep accounts. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

#### Investments:

The Township Water and Sewer Fund reports \$356,477 of investments as of year end. These monies are being held as part of an investment pool of Bay County. The County has invested in external investment pools, government obligations, commercial paper and money market funds. Information regarding these investments and risk associated with these investments may be obtained from the Bay County DWS Financial Report for the year ended December 31, 2006.

# FRANKENLUST TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### NOTE 4: CAPITAL ASSETS

Capital assets activity of the Township's governmental and business-type activities at June 30, 2007 was as follows:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2007</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets				
Land	\$ 180,000	\$ -	\$ -	\$ 180,000
Depreciable capital assets				
Buildings and improvements	338,549	-	-	338,549
Equipment	484,993	15,698	-	500,691
Land improvements	35,401	-	-	35,401
Site improvements	18,671	7,500	-	26,171
Vehicles	26,000	-	-	26,000
Total depreciable capital assets	903,614	23,198	-	926,812
Accumulated depreciation	(492,223)	(40,959)	-	(533,182)
Depreciable capital assets, net	411,391	(17,761)	-	393,630
Governmental activities, capital assets, net	<u>\$ 591,391</u>	<u>\$ (17,761)</u>	<u>\$ -</u>	<u>\$ 573,630</u>
<b>Business-type activities:</b>				
Depreciable capital assets				
Water and sewer system	\$ 12,643,755	\$ 214,768	\$ -	\$ 12,858,523
Total depreciable capital assets	12,643,755	214,768	-	12,858,523
Accumulated depreciation	(3,402,965)	(274,029)	-	(3,676,994)
Business-type activities, capital assets, net	<u>\$ 9,240,790</u>	<u>\$ (59,261)</u>	<u>\$ -</u>	<u>\$ 9,181,529</u>

Depreciation expense was charged to programs of the governmental and business-type activities as follows:

<b>Governmental activities:</b>	
General government	\$ 7,848
Public safety	30,407
Recreation and culture	<u>2,704</u>
Total governmental activities	<u>\$ 40,959</u>
<b>Business-type activities:</b>	
Water and sewer	<u>\$ 274,029</u>
Total business-type activities	<u>\$ 274,029</u>



# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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### NOTE 5: DEFERRED REVENUE

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Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and Proprietary funds also defer revenue recognition in connection with resources that have been received but not yet earned.

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	\$ -	\$ 136,703

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### NOTE 6: LONG-TERM LIABILITIES

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The Township may issue bonds, loans, notes and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term liabilities at June 30, 2007 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Payments</u>	<u>Original Issue Amount</u>	<u>Balance at Year-End</u>
<b>Business-type Activities:</b>					
<b>Revenue Refunding Bonds:</b>					
1999 Series - Water and Sewer System					
Revenue Refunding Bonds	11/1/05-11/1/21	4.05-5.2%	\$30,000-60,000	\$ 870,000	\$ 665,000
<b>General Obligation Bonds:</b>					
1978 Bond - Bay County West Side					
Regional Sewage Disposal System	5/1/79-5/1/12	5.5%	\$ 118,336	\$ -	\$ 236,672
1999 Contract - Water and Sewer					
System No. 1 Bonds	5/1/06-5/1/12	4.8-5.3%	\$185,000-435,000	\$ 3,170,000	\$ 1,965,000
2005 Contract - Water and Sewer					
System No. 2 Bonds	9/1/07-9/1/25	3.0-4.5%	\$30,000-145,000	\$ 1,800,000	\$ 1,800,000

# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

The following is a summary of long-term liabilities transactions for the year ended June 30, 2007:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Revenue Refunding Bonds					
1999 Issue	\$ 695,000	\$ -	\$ (30,000)	\$ 665,000	\$ 30,000
General Obligation Bonds					
1978 Bond	355,008	-	(118,336)	236,672	118,336
1999 Contract	2,305,000	-	(340,000)	1,965,000	355,000
2005 Contract	1,800,000	-	-	1,800,000	30,000
Compensated absences	<u>9,691</u>	<u>1,037</u>	<u>-</u>	<u>10,728</u>	<u>1,609</u>
Total business-type activities					
- long-term liabilities	<u>\$ 5,164,699</u>	<u>\$ 1,037</u>	<u>\$ (488,336)</u>	<u>\$ 4,677,400</u>	<u>\$ 534,945</u>

Annual debt service requirements to maturity for all outstanding debt as of June 30, 2007 are as follows:

<u>Year Ended</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 533,336	\$ 217,859	\$ 751,195
2009	558,336	191,342	749,678
2010	470,000	166,723	636,723
2011	500,000	143,707	643,707
2012	535,000	118,600	653,600
2013-2017	665,000	399,340	1,064,340
2018-2022	855,000	228,125	1,083,125
2023-2026	<u>550,000</u>	<u>50,625</u>	<u>600,625</u>
	<u>\$ 4,666,672</u>	<u>\$ 1,516,321</u>	<u>\$ 6,182,993</u>

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## NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

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Receivables and payables as of year end for the Township's governmental and business-type activities in the aggregate are as follows:

# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

	<i><b>Governmental Activities</b></i>	<i><b>Business-type Activities</b></i>	<i><b>Total</b></i>
<b>Receivables:</b>			
Property taxes	\$ 19,124	\$ -	\$ 19,124
Accounts	14,108	31,182	45,290
Special assessments	-	947,835	947,835
Accrued interest	-	3,175	3,175
Intergovernmental	<u>54,709</u>	<u>-</u>	<u>54,709</u>
Total receivables	<u>\$ 87,941</u>	<u>\$ 982,192</u>	<u>\$ 1,070,133</u>
<b>Accounts payable and accrued expenses:</b>			
Accounts	\$ 25,770	\$ 14,125	\$ 39,895
Payroll liabilities	3,441	395	3,836
Accrued interest	<u>-</u>	<u>49,602</u>	<u>49,602</u>
Total accounts payable and accrued expenses	<u>\$ 29,211</u>	<u>\$ 64,122</u>	<u>\$ 93,333</u>

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### NOTE 8: INTERFUND BALANCES AND TRANSFERS

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There are no interfund receivable and payable balances at June 30, 2007.

There were no interfund transfers during the fiscal year.

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### NOTE 9: RISK MANAGEMENT

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The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and injuries to employees (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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### NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

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#### **Pension Plan:**

The Township has a defined contribution plan covering employees who are elected officials and the Township secretary. The Township contributes 15% of each participant's projected compensation based on a calendar year basis. The third-party plan administrator is Burnham & Flower Insurance Group. Pension expense for the calendar year ended December 31, 2007 was \$15,203.

#### **Post Employment Benefits:**

The Township does not offer any post employment benefits to its retirees.

# FRANKENLUST TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### Deferred Compensation Plan:

The Township offers its employees a voluntary deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years.

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### NOTE 11: PRIOR PERIOD ADJUSTMENT

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#### Correction of a Reporting Policy:

A portion of the Township's Water and Sewer Fund is administered as an Agency Fund of the Bay County Department of Water and Sewer (DWS). In prior years, the portion of the Water and Sewer Fund administered by the DWS was excluded from the Township's financial statements. In the current year, the Agency Fund of the DWS is included in the financial statements of the Township.

The Township has changed its reporting policy for its Water and Sewer Fund, as described above, in order to be in accordance with generally accepted accounting and reporting principles.

As a result of this reporting policy change, the effect on beginning net assets and fund balances is as follows:

#### Fund and Government-wide Financial Statements:

	<i><b>Water and Sewer Fund</b></i>
Net Assets at June 30, 2006, previously reported	\$ 2,757,344
Adjustments Needed to Properly Report the Township's Water and Sewer Fund:	
Record the net water system assets at the County as of December 31, 2005 previously not reported	1,439,566
Record the net sewer system assets at the County as of December 31, 2005 previously not reported	<u>2,700,070</u>
Net Assets at June 30, 2006, restated	<u><u>\$ 6,896,980</u></u>

***REQUIRED SUPPLEMENTAL INFORMATION***

# FRANKENLUST TOWNSHIP

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2007

	<i>Budgeted Amounts</i>			<i>Actual Over (Under) Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
<b>Revenues:</b>				
Property taxes	\$ 194,000	\$ 194,000	\$ 198,420	\$ 4,420
Licenses and permits	147,100	147,100	165,327	18,227
State grants	195,000	195,000	185,027	(9,973)
Charges for services	18,000	18,000	6,454	(11,546)
Interest and rents	11,000	11,000	19,094	8,094
Other revenue	20,200	20,200	19,832	(368)
Total revenues	585,300	585,300	594,154	8,854
<b>Expenditures:</b>				
Current				
General government	249,855	259,555	245,402	(14,153)
Public safety	194,000	179,300	167,051	(12,249)
Public works	69,800	91,500	80,449	(11,051)
Community and economic development	29,300	18,600	15,852	(2,748)
Recreation and culture	1,000	1,000	363	(637)
Other	42,700	44,200	43,536	(664)
Capital outlay	46,645	31,145	10,074	(21,071)
Total expenditures	633,300	625,300	562,727	(62,573)
Excess (deficiency) of revenues over expenditures	(48,000)	(40,000)	31,427	71,427
<b>Other financing sources (uses):</b>				
Transfers from other funds	3,000	3,000	-	(3,000)
Transfers to other funds	-	(8,000)	(7,590)	410
Total other financing sources (uses)	3,000	(5,000)	(7,590)	(2,590)
Net change in fund balance	(45,000)	(45,000)	23,837	68,837
Fund balance, beginning of year	372,991	372,991	372,991	-
Fund balance, end of year	\$ 327,991	\$ 327,991	\$ 396,828	\$ 68,837

# FRANKENLUST TOWNSHIP

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## TRASH REMOVAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2007

	<i>Budgeted Amounts</i>			<i>Actual Over (Under) Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
<b>Revenues:</b>				
Charges for services	\$ 135,000	\$ 140,000	\$ 134,220	\$ (5,780)
Interest and rents	-	-	6,045	6,045
Total revenues	135,000	140,000	140,265	265
<b>Expenditures:</b>				
Current				
Public works	160,000	170,000	163,798	(6,202)
Total expenditures	160,000	170,000	163,798	(6,202)
Net change in fund balance	(25,000)	(30,000)	(23,533)	6,467
Fund balance, beginning of year	169,268	169,268	169,268	-
Fund balance, end of year	\$ 144,268	\$ 139,268	\$ 145,735	\$ 6,467

***OTHER SUPPLEMENTAL INFORMATION***



# FRANKENLUST TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF REVENUES

Year Ended June 30, 2007

***Current Taxes:***

Property taxes	\$ 155,526
Administration fees	42,894
	<u>198,420</u>

***Licenses and permits:***

Nonbusiness licenses and permits	139,555
CATV franchise fees	25,772
	<u>165,327</u>

***State Grants:***

Summer tax collection reimbursement	8,648
State revenue sharing - sales tax	170,106
Metro Act Authority	6,273
	<u>185,027</u>

***Charges for services:***

Zoning fees	2,100
Other	4,354
	<u>6,454</u>

***Interest and rents:***

Interest	<u>19,094</u>
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***Other Revenue:***

Special assessments	9,483
Reimbursements	8,263
Other	2,086
	<u>19,832</u>

Total revenues	<u><u>\$ 594,154</u></u>
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# FRANKENLUST TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES

Year Ended June 30, 2007

#### *General Government:*

##### *Board:*

Personnel	\$ 8,976
Contracted services	1,078
Dues and memberships	2,429
Conferences and workshops	882
Printing and publications	3,353
	<u>16,718</u>

##### *Supervisor:*

Personnel	25,850
Supplies	139
Mileage	779
Conferences and workshops	321
	<u>27,089</u>

##### *Clerk:*

Personnel	28,075
Supplies	1,057
Mileage	876
Conferences and workshops	857
Repairs and maintenance	9,644
	<u>40,509</u>

##### *Audit:*

Contracted services	<u>4,250</u>
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##### *Board of Review:*

Contracted services	<u>1,035</u>
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##### *Treasurer:*

Personnel	31,025
Supplies	5,039
Mileage	761
Conferences and workshops	1,292
Other	15
	<u>38,132</u>

##### *Assessor:*

Personnel	5,175
Supplies	1,759
Contracted services	27,954
Mileage	246
	<u>35,134</u>

##### *Elections:*

Supplies	1,858
Contracted services	3,620
	<u>5,478</u>

# FRANKENLUST TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended June 30, 2007

***General Government, continued:***

*Building and Grounds:*

Personnel	19,606
Supplies	8,304
Contracted services	6,775
Telephone	3,713
Utilities	11,975
Repairs and maintenance	2,529
	<u>52,902</u>

*Attorney:*

Contracted services	<u>24,155</u>
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Total general government	<u>245,402</u>
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***Public Safety:***

*Sheriff Patrol:*

Contracted services	<u>4,250</u>
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*Fire:*

Personnel	36,980
Supplies	3,762
Conferences and workshops	390
Insurance	21,514
Repairs and maintenance	11,489
	<u>74,135</u>

*Inspection Services:*

Personnel	79,605
Mileage	1,073
Conferences and workshops	1,546
Other	6,442
	<u>88,666</u>

Total public safety	<u>167,051</u>
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***Public Works:***

*Drains:*

Contracted services	<u>1,225</u>
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*Roads:*

Contracted services	<u>59,924</u>
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*Street Lighting:*

Utilities	<u>10,108</u>
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# FRANKENLUST TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended June 30, 2007

***Public Works, continued:***

***Other:***

Personnel	7,643
Contracted services	281
Utilities	596
Repairs and maintenance	672
	<u>9,192</u>
Total public works	<u>80,449</u>

***Community and Economic Development:***

***Planning and Zoning:***

Personnel	12,430
Supplies	550
Contracted services	1,802
Conferences and workshops	1,070
	<u>15,852</u>

***Recreation and Culture:***

***Parks and Recreation:***

Other	<u>363</u>
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***Other:***

Insurance	16,368
Employee benefits	19,089
Payroll taxes	8,079
	<u>43,536</u>

***Capital Outlay:***

General government	<u>10,074</u>
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Total expenditures	<u><u>\$ 562,727</u></u>
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# FRANKENLUST TOWNSHIP

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

June 30, 2007

	<i>Fire Equipment Fund</i>	<i>Emergency Service Fund</i>	<i>Liquor Fund</i>	<i>Historical Fund</i>	<i>Nature Park Fund</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Assets:</b>						
Cash and cash equivalents	\$ 256,012	\$ 15,566	\$ 3,347	\$ 3,328	\$ 8,826	\$ 287,079
Taxes receivable	<u>5,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,562</u>
Total assets	<u>\$ 261,574</u>	<u>\$ 15,566</u>	<u>\$ 3,347</u>	<u>\$ 3,328</u>	<u>\$ 8,826</u>	<u>\$ 292,641</u>
<b>Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 325	\$ 325
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325</u>	<u>325</u>
<b>Fund balances:</b>						
Unreserved:						
Special revenue funds	<u>261,574</u>	<u>15,566</u>	<u>3,347</u>	<u>3,328</u>	<u>8,501</u>	<u>292,316</u>
Total fund balances	<u>\$ 261,574</u>	<u>\$ 15,566</u>	<u>\$ 3,347</u>	<u>\$ 3,328</u>	<u>\$ 8,501</u>	<u>\$ 292,316</u>
Total liabilities and fund balances	<u>\$ 261,574</u>	<u>\$ 15,566</u>	<u>\$ 3,347</u>	<u>\$ 3,328</u>	<u>\$ 8,826</u>	<u>\$ 292,641</u>

# FRANKENLUST TOWNSHIP

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	<i>Fire Equipment Fund</i>	<i>Emergency Service Fund</i>	<i>Liquor Fund</i>	<i>Historical Fund</i>	<i>Nature Park Fund</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Revenues:</b>						
Property taxes	\$ 81,075	\$ -	\$ -	\$ -	\$ -	\$ 81,075
State grants	-	-	3,616	-	-	3,616
Charges for services	-	5,712	-	-	-	5,712
Interest and rents	8,055	58	-	9	19	8,141
Other revenue	7,107	-	-	2,845	1,780	11,732
Total revenues	<u>96,237</u>	<u>5,770</u>	<u>3,616</u>	<u>2,854</u>	<u>1,799</u>	<u>110,276</u>
<b>Expenditures:</b>						
Current						
Public safety	8,473	61	3,285	-	-	11,819
Recreation and culture	-	-	-	20	888	908
Capital outlay	<u>16,674</u>	<u>-</u>	<u>-</u>	<u>3,347</u>	<u>-</u>	<u>20,021</u>
Total expenditures	<u>25,147</u>	<u>61</u>	<u>3,285</u>	<u>3,367</u>	<u>888</u>	<u>32,748</u>
Excess (deficiency) of revenues over expenditures	<u>71,090</u>	<u>5,709</u>	<u>331</u>	<u>(513)</u>	<u>911</u>	<u>77,528</u>
<b>Other financing sources:</b>						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,590</u>	<u>7,590</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,590</u>	<u>7,590</u>
Net change in fund balances	71,090	5,709	331	(513)	8,501	85,118
Fund balances, beginning of year	<u>190,484</u>	<u>9,857</u>	<u>3,016</u>	<u>3,841</u>	<u>-</u>	<u>207,198</u>
Fund balances, end of year	<u>\$ 261,574</u>	<u>\$ 15,566</u>	<u>\$ 3,347</u>	<u>\$ 3,328</u>	<u>\$ 8,501</u>	<u>\$ 292,316</u>

# FRANKENLUST TOWNSHIP

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## FIDUCIARY FUND – AGENCY FUND

### STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

June 30, 2007

#### Current Property Tax Collection Fund

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,793	\$ 4,033,777	\$ 4,045,174	\$ 3,396
Total assets	<u>\$ 14,793</u>	<u>\$ 4,033,777</u>	<u>\$ 4,045,174</u>	<u>\$ 3,396</u>
<b>Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 14,793	\$ 564,157	\$ 578,516	\$ 434
Due to other governmental units	<u>-</u>	<u>3,469,620</u>	<u>3,466,658</u>	<u>2,962</u>
Total liabilities	<u>\$ 14,793</u>	<u>\$ 4,033,777</u>	<u>\$ 4,045,174</u>	<u>\$ 3,396</u>

# FRANKENLUST TOWNSHIP

## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

June 30, 2007

#### BAY COUNTY WEST SIDE REGIONAL SEWAGE DISPOSAL SYSTEM BONDS FRANKENLUST'S PORTION 7.396%

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2008	5.50%	\$ 118,336	\$ 9,763	\$ 128,099
2009	5.50%	118,336	3,254	121,590
		<u>\$ 236,672</u>	<u>\$ 13,017</u>	<u>\$ 249,689</u>

#### 1999 WATER AND SEWER REFUNDING BONDS BOND PAYABLE TO MICHIGAN MUNICIPAL BOND AUTHORITY

Issue dated February 9, 1999 in the amount of	\$ 870,000
Less: Principal paid in prior years	(175,000)
Principal paid in current year	<u>(30,000)</u>
Balance payable at June 30, 2007	<u>\$ 665,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i> <i>November 1</i>	<i>Interest due</i> <i>November 1</i>	<i>Interest due</i> <i>May 1</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2008	4.25%	\$ 30,000	\$ 16,415	\$ 15,777	\$ 62,192
2009	4.30%	30,000	15,777	15,132	60,909
2010	4.40%	35,000	15,132	14,362	64,494
2011	4.50%	35,000	14,362	13,575	62,937
2012	4.60%	35,000	13,575	12,770	61,345
2013	4.70%	40,000	12,770	11,830	64,600
2014	5.00%	40,000	11,830	10,830	62,660
2015	5.00%	45,000	10,830	9,705	65,535
2016	5.00%	45,000	9,705	8,580	63,285
2017	5.20%	50,000	8,580	7,280	65,860
2018	5.20%	50,000	7,280	5,980	63,260
2019	5.20%	55,000	5,980	4,550	65,530
2020	5.20%	55,000	4,550	3,120	62,670
2021	5.20%	60,000	3,120	1,560	64,680
2022	5.20%	60,000	1,560	-	61,560
		<u>\$ 665,000</u>	<u>\$ 151,466</u>	<u>\$ 135,051</u>	<u>\$ 951,517</u>



# FRANKENLUST TOWNSHIP

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

June 30, 2007

#### 1999 WATER AND SEWER SYSTEM NO. 1 BONDS CONTRACT PAYABLE TO BAY AREA UTILITIES AUTHORITY

Issue dated August 24, 1999 in the amount of	\$	3,170,000
Less: Principal paid in prior years	(865,000)	
Principal paid in current year	<u>(340,000)</u>	
Balance payable at June 30, 2007	\$	<u>1,965,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due November 1</i>	<i>Principal due May 1</i>	<i>Interest due May 1</i>	<i>Total Annual Requirement</i>
2008	5.00%	\$ 50,382	\$ 355,000	\$ 50,382	\$ 455,764
2009	5.00%	41,507	375,000	41,507	458,014
2010	5.10%	32,132	390,000	32,132	454,264
2011	5.20%	22,187	410,000	22,187	454,374
2012	5.30%	<u>11,527</u>	<u>435,000</u>	<u>11,527</u>	<u>458,054</u>
		<u>\$ 157,735</u>	<u>\$ 1,965,000</u>	<u>\$ 157,735</u>	<u>\$ 2,280,470</u>

# FRANKENLUST TOWNSHIP

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

June 30, 2007

#### 2005 SANITARY SEWER SYSTEM NO. 2 BONDS

#### CONTRACT PAYABLE TO BAY AREA UTILITIES AUTHORITY

Issue dated March 1, 2005 in the amount of	\$	1,800,000
Less: Principal paid in prior years	-	
Principal paid in current year	-	
Balance payable at June 30, 2007	\$	<u>1,800,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due September 1</i>	<i>Interest due September 1</i>	<i>Interest due March 1</i>	<i>Total Annual Requirement</i>
2008	3.00%	\$ 30,000	\$ 37,794	\$ 37,344	\$ 105,138
2009	3.00%	35,000	37,344	36,819	109,163
2010	3.00%	45,000	36,819	36,144	117,963
2011	3.25%	55,000	36,144	35,250	126,394
2012	4.00%	65,000	35,250	33,950	134,200
2013	4.00%	75,000	33,950	32,450	141,400
2014	4.00%	85,000	32,450	30,750	148,200
2015	4.00%	90,000	30,750	28,950	149,700
2016	4.00%	95,000	28,950	27,050	151,000
2017	4.00%	100,000	27,050	25,050	152,100
2018	4.00%	105,000	25,050	22,950	153,000
2019	4.50%	110,000	22,950	20,475	153,425
2020	4.50%	115,000	20,475	17,888	153,363
2021	4.50%	120,000	17,888	15,188	153,076
2022	4.50%	125,000	15,188	12,375	152,563
2023	4.50%	130,000	12,375	9,450	151,825
2024	4.50%	135,000	9,450	6,413	150,863
2025	4.50%	140,000	6,413	3,263	149,676
2026	4.50%	<u>145,000</u>	<u>3,263</u>	<u>-</u>	<u>148,263</u>
		\$ <u>1,800,000</u>	\$ <u>469,553</u>	\$ <u>431,759</u>	\$ <u>2,701,312</u>